



# HOUSE BUDGET COMMITTEE

## Democratic Caucus

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### Labor Day Plans of a Different Kind:

#### The Administration Targets Worker Programs for Cuts in 2006

While the House of Representatives has delayed until September consideration of a bill to fund the Department of Labor (DOL) for 2005, the Administration is already at work on a plan to cut DOL appropriations by \$204 million in 2006. A White House memorandum of May 19 confirms that, despite previous denials, the Administration is planning a fiscal year 2006 budget that will impose deep cuts in key government services, including programs that help unemployed workers get training and find jobs, and programs that protect worker safety on the job.

The May 19th memorandum from the Office of Management and Budget (OMB) clearly directs agencies to “[a]ssume accounts are funded at the 2006 level specified in the 2005 Budget database,” a database that shows the spending levels in the President’s budget for agencies and programs for 2005 through 2009. That database shows DOL funding for 2006 is cut by \$204 million below the 2005 request. Programs are then essentially frozen for the remaining three years of the budget.

The May 19 memorandum allows agencies to shift funding among accounts as long as they abide by their overall 2006 funding limit. That means DOL can cut or increase funding for any combination of programs as long as it cuts its total budget by \$204 million from 2005 to 2006. To reach that 2006 target, the Administration’s

February budget cut most accounts by about 2.5 percent below the 2005 request. The examples below are straight from the OMB database in the President’s February budget.

#### Cuts to Labor Requests: 2005 to 2006

Services for the Unemployed	-\$84 million
Training Services	-\$68 million
Worker Safety	-\$19 million
Other (BLS, mngt, etc.)	<u>-\$33 million</u>
<b>Total</b>	<b>-\$204 million</b>

### President Will Cut Services That Help Unemployed Workers in 2006

The President’s budget shows a planned cut from 2005 to 2006 of \$84 million for programs that provide aid to unemployed workers. This cut to money states receive to administer the

Unemployment Insurance program could mean longer lines and delays for benefit applicants. It could also hinder the fight against waste, fraud, and abuse in the Unemployment Insurance program.

- ***Military Personnel*** — The Administration's planned cut for 2006 could affect the ability to process unemployment claims of former military personnel; the 2005 budget specifically includes a \$565,000 increase to accommodate the projected 27 percent increase in these military separations. The number of military separations is likely to grow in 2006.
- ***Waste, Fraud, and Abuse*** — The \$84 million cut could lead to the undoing of a \$20 million increase requested for 2005 to prevent overpayments of Unemployment Compensation. The \$20 million would pay for an additional 1.6 million in-person reviews of beneficiaries' eligibility for benefits. DOL estimates that this additional investment in program integrity would save as much as \$400 million annually in avoided erroneous payments. The President and Republicans claim to be committed to fighting waste, fraud, and abuse. But if this investment falls by the wayside in 2006 to comply with the President's overall cut to the Department, total federal spending could, ironically, actually increase.

## **President Will Cut Job Training Services in 2006**

The Administration is planning to cut funds for training services for 2006 by \$68 million below its 2005 request of \$6.5 billion. This cut in 2006 would continue this Administration's pattern of cutting adult training programs further each year; funding for all programs under the Workforce Investment Act already has declined by \$550 million (9.7 percent) from 2001 to 2004. Different training programs target services specifically to veterans, dislocated workers, adults, youth, and older Americans with poor prospects for finding employment.

- ***Dislocated Worker and Adult Training*** — The President's 2005 budget proposes to consolidate current formula grant programs for adult training, assistance to dislocated workers, and employment service state grants. For 2005, the Administration proposes an increase of \$145 million to serve 1.3 million adult and dislocated workers, and 17 million state participants. For 2006, however, the Administration plans to cut funding by \$31 million below the 2005 request, assuming a proportional cut across all employment and training programs. This funding cut would eliminate services to about 175,000 unemployed and underemployed adults.
- ***Older Americans*** — For 2006, the President's budget cuts funding for the Senior Community Service Employment Program by \$11 million below the 2005 request of \$440 million. This program currently trains and places 92,300 low-income workers age 55 and older in part-time community service positions, helping them to move to

unsubsidized employment. The planned cut would eliminate jobs and services for 2,344 older people who have poor employment prospects.

- **Youth Training** — For 2006, the President's budget cuts funding for two youth training programs by \$25 million below the 2005 request of \$2.6 billion, assuming a proportional cut to all employment and training programs. Job Corps provides comprehensive training, job placement, and support services to disadvantaged people between the ages of 16 and 24. Youth Grants help out-of-school youth, ages 16 to 21, to obtain a high school degree or equivalency, increase literacy skills, and get a job or receive further education. Although DOL estimates there are over 10 million youth eligible for youth grants, it plans to serve only 337,000 in 2005 and to cut Youth Grants by \$10 million in 2006, denying services to another 3,210 youth. For 2006, the budget plans to cut Job Corps funding by \$15 million, eliminating 419 of its 44,662 slots.

## **President Will Shortchange Worker Safety in 2006**

While the Administration's budget documents tout the commitment to reducing workplace injuries, the actual dollars do not match the rhetoric.

- **Occupational Safety and Health Administration (OSHA)** — The Administration proposes a small increase of \$4 million for OSHA for 2005, but that increase is taken away three-fold the following year. For 2006, the President's budget cuts OSHA by \$12 million, providing overall funding of \$450 million, which is below the level Congress provided for 2004.

Under current staffing and inspection levels, OSHA is equipped to inspect employers an average of once every 106 years, yet the 2006 budget would mean cuts for OSHA's enforcement program. Funds for developing needed safety and health standards would also be cut. To date, the Administration has issued no new major safety and health standards; that record would continue at the proposed 2006 budget levels.

- **Mine Safety and Health Administration (MSHA)** — As for efforts to protect coal miners under MSHA, the President's budget provides a \$7 million increase for 2005, then turns around and takes it away in 2006, returning the program to its 2004 funding level of \$269 million. At that 2006 funding level, MSHA would have difficulty maintaining current program levels, resulting in cuts to enforcement programs in a dangerous industry; in 2002, mining had a fatality rate of 28.7 per 100,000 workers, far higher than the national average of 4.0 fatalities per 100,000 workers.